



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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To: Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission

From: Al Contente, Rate Analyst
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Date: December 9, 2020

Subject: Docket No. 5084 -Pascoag Utility District
2021 Demand Side Management Program

2021 Demand Side Management Program Filing

On November 6, 2020 and Pursuant to R.I., Gen Laws § 39-2-1.2, Pascoag Utility District (Pascoag) filed with the Public Utilities Commission (Commission) a proposed Demand Side Management (DSM) Program budget for calendar year 2021. Pascoag did not propose any changes to its currently proposed DSM charge of \$0.002 per kilowatt-hour. The total proposed budget for 2021 is \$239,962 which is comprised of \$109,618 from projected DSM rate revenues, a carryover of \$20,931 from 2020, \$38,030 from 2020 Regional Greenhouse Gas Initiative (RGGI) carryover funds and \$71,383 from 2021 RGGI funds. Although 2021 is the last year that Pascoag is authorized to use RGGI funds, OER is allowing Pascoag some flexibility if the funds are not spent in their entirety and working with them to determine possible uses in 2022.

Residential Program

Pascoag is requesting funding for the company's Home Energy Audit/Weatherization Incentive program in the amount of \$94,413, an increase of \$29,413 from 2020. Because of the impact of COVID-19 on statewide operations, Energy New England (ENE) began offering remote home energy audits in April 2020. Pascoag's limited success with program outreach during 2020 resulted in Pascoag petitioning the Commission to increase weatherization and air sealing rebate percentages from 75% to 100% as well as raising the maximum rebate caps from \$800 for

insulation and \$500 for air sealing to a combined total of \$3000. Pascoag was only able to perform 24 residential energy audits, 6 weatherization projects, and provide 2 programmable thermostat rebates in 2020. Pascoag is requesting that the increased incentives authorized by the Commission be carried through to 2021 as the company believes that it needs more time to fully market the weatherization incentive.

Although the COVID-19 pandemic is ongoing, Pascoag's aim is to complete 120 audits in 2021 as they feel that they are better equipped to handle the challenges of the pandemic going into 2021. To illustrate this point, Pascoag stated in its response to the Commission's first set of data requests that it had redesigned its website with more, contactless, information options and has established a remote home energy audit program. Pascoag also indicated that the expansion of its 2020 program to include low-flow aerators and shower heads for customers that heat with electric, oil and propane, will be continued through 2021.

Pascoag has stated that it would like to maintain its residential Energy Star program at its current levels but increase the amount of program funding by \$685 to \$8000 in 2021. Pascoag also indicated that they would like to maintain both the current rebate levels and funding levels in their HVAC and Water Heater Program.

The primary change to Pascoag's residential program is the introduction of a Landlord/Renter Weatherization Pilot Program funded by what is described as "an abnormally large" carryover balance of \$30,000. The decision by Pascoag to dedicate the 2020 carryover to weatherization incentives, as opposed to other programs or fiscal years, is based on Pascoag and OER's belief the company should pursue every avenue to distribute weatherization funds to its customers due to the impact of COVID-19 as the potential energy saving from weatherization would assist customers during these difficult times. With respect to eligibility, the program is limited to year-round rental properties based on limited funding and Pascoag's desire to see the program benefit residents as opposed to those that do not live in the territory full-time.

Pascoag describes the program as including energy audits for 1-4-unit dwellings and direct installation measures such as LED lightbulbs, smart strips, and low flow aerators/ showerheads for customers that heat with oil and propane. In its response to the Division's first set of data requests Pascoag related that, regardless of the primary heating fuel, the company's customers are supplementing existing sources with portable electric heaters in the winter and running air conditioners in improperly insulated and air sealed apartments which increases energy use at times when Pascoag is most concerned with hitting electrical peaks. Pascoag also indicated that providing incentives to customers that heat with a fuel source other than electricity ultimately benefits all ratepayers by reducing the overall energy burden.

Additionally, the program provides a rebate of up to \$5,000 per building for qualified air sealing and insulation measures. When asked by the Division whether Pascoag had considered landlords being required to pay back program funds if the property was sold within a particular timeframe, Pascoag responded by stating that its main interest is in developing and implementing programs that deliver energy savings to customers and does not consider the impact of energy savings on property values.

Industrial/Commercial Program

Pascoag has requested to maintain its Small Business Energy Star offerings at the same levels as in 2020 and went on to list qualifying commercial appliances eligible for a 10% rebate with a cap of \$350.

In its 2020 DSM filing, Pascoag had proposed using \$18,700 in carryover RGGI funds to complete the last lighting project for the Burrillville School Department at Burrillville High School. The project was estimated to save 258,578 kWhs annually. However, due to budgetary restrictions Pascoag was unable to complete the project in 2020 and does not have any plans to work on the project in 2021. They indicated that funding was taken out of the budget for the time being with hopes of working with the school department to find a way to complete the project in the future.

In its program details, Pascoag conveyed the status of current, completed, and anticipated industrial and commercial projects. Pascoag has completed one LED lighting project with two others in the process of completion. Pascoag is also working with GS, Inc. to complete a lighting project before the end of the year which would reduce kWh by 28,307.

Administrative

Pascoag's costs for administering the programs are consistent with last year's costs of \$21,000. Pascoag also asks that \$10,000 be set aside this year for consultant fees so that it may continue to work with Optimal on accurately tracking energy and cost savings data, perform detailed cost benefit analysis, and to continue program development. Pascoag did not include funding for a University of Rhode Island Fellow Intern which was eliminated in 2020 but did request funding to continue the development of future energy efficiency programs.

Community Outreach, Marketing, & Education

A noteworthy change to the Community Outreach, Marketing, & Education program is the elimination of \$1,000 for *Follow-up to Successful Programs* which had been requested in Pascoag's 2020 filing. This was intended as a line item that would allow for a certain level of flexibility in transferring funds of up to 10% to other programs with high customer demand. In its place, Pascoag has added provisions addressing the following:

Transfers Within a Sector

- Transfers of less than 20% of the originating program's budget are allowed for programs within the same sector;
- Transfers 20% or greater of the originating program's budget require prior Division approval with notification to OER;
- Transfers involving RGGI funds require prior written approval from OER;
- Pascoag must update all applicable reports (mid-year or end-year) for all transfers within sectors

Transfers Between Sectors

- Fund transfers from one sector to another requires prior Division approval with notification to OER;
- Transfers that reduce a sector's budget by more than 20% in aggregate over the course of the program year require additional PUC approval;
- Transfers involving RGGI funds require prior written approval from OER;

Pascoag is seeking to level fund support for its outreach and education programs at an amount of \$7,500. Pascoag continues to partner with community organizations such as the Jesse Smith Library and Burrillville Recycling. Despite outreach limitations resulting from the COVID-19 pandemic, Pascoag was able to attend a Burrillville Aging Stronger event, host an elementary school field trip, and collaborate with Tri-Town Community Action Center on ways to assist each other in 2021 outreach efforts. A new addition to Pascoag's outreach efforts specifically targeted at elderly and income-eligible customers is the use of premade lighting kits. Pascoag estimated the benefits of the lighting kits by using the 2020 RI Technical Reference Manual approved as part of National Grid's Energy Efficiency Plan filing (Docket 4979).

Commission's Report and Order Docket No. 4991

Last year, the Commission included a requirement in its Report and Order that Pascoag provide robust evidence to support its continued involvement in community events and explore alternative sources of funding including, but not limited to, vendor participation fees.

In Pascoag's response to Commission data requests, the company indicated that it had intended to utilize 2020 events to collect and provide evidence to support its continued involvement in community events. Pascoag related that it had anticipated tracking the number of customers that visited its booths, email addresses to send follow up information, home energy audit signups, and crowd size data at bigger events. Pascoag stated further that, due to COVID-19, it was unable to collect this data.

With respect to alternative funding sources, Pascoag indicates that it did not explore any funding sources at this time. In addressing the Commission's suggestion on charging vendor fees, Pascoag states that the only way they are able to secure vendors for community events is by not charging a vendor fee. As an alternative to exploring alternative funding sources, Pascoag indicates that if it had held the Green Festival this year, it was its intention to reduce staff size and use volunteers to minimize costs.

Recommendation

After review of Pascoag's filing and responses to data requests, The Division accepts as reasonable Pascoag's explanations to support the particulars of its proposed budget. The Division also opines that Pascoag's approaches to dealing with the program implementation setbacks caused by the COVID-19 pandemic are reasonable. The Division notes that the plan does not indicate whether

the Division's approval of transfers is an oral or written approval. The Division believes that approval should be requested in writing and approved in writing.

Accordingly, the Division recommends that the Commission approve Pascoag's DSM Program budget subject to the following requirements:

- i.) Schedule C: Program Details 2021, Transfer within a Sector be amended to require written Division approval; and
- ii.) Schedule C: Program Details 2021, Transfer between Sectors be amended to require written Division approval